

Thursday 17 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6110	11	0.2
NZX 50	8593	37	0.4
DJIA Futures	24752	12	0.1
S&P 500 Futures	2723	0	0.0
NASDAQ Futures	6938	1	0.0

Local Markets Commentary

The Australian market opens today's trade on generally supportive overnight international trade leads ahead of key domestic data.

In overnight commodities trade, **oil** gained again.

US **gold** futures settled essentially flat.

Iron ore (China port, 62% Fe) turned higher, continuing the week's see-sawing.

LME **copper** turned slightly higher, and **nickel** moderately so.

The **\$A** was propelled to ~US75.15c after rising to ~US74.85c early yesterday evening.

Locally today, the Australia Bureau of Statistics (ABS) releases April **employment statistics 11.30am AEST**.

In addition, the Melbourne Institute publishes a monthly consumer inflation expectations report.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24769	63	0.3
S&P 500	2722	11	0.4
NASDAQ	7398	47	0.6
FTSE 100	7734	11	0.2
DAX 30	12996	26	0.2
Shanghai Comp	3170	-23	-0.7

Overseas Markets Commentary

Major European and US equities markets largely opened higher overnight, but choppy, swinging trade again featured for most indices, amid a batch of influential data releases.

In the US, the \$US and bond yields kept on higher in early trade, but so did small-cap interest throughout. In addition, retailers benefited from a stronger-than-anticipated corporate quarterly.

In **US** data releases, April housing starts dropped 3.7% for the month, after rising 1.9% in March.

Building permits fell 1.8% following a 4.4% March increase.

April industrial output improved 0.7% for the month after rising 0.5% in March. Manufacturing production increased 0.5% following a 0.1% March gain.

Earlier in the **euro zone**, April CPI growth was confirmed at 0.3% for the month and 1.1% year-on-year. Core CPI rose 0.7% for the month.

Germany's final April CPI reading confirmed nil growth for the month and 1.6% year-on-year.

Meanwhile in **Italy**, 10-year bond yields jumped during a sell-off fuelled by more ructions from

Australia - April employment figures 11.30am AEST

* Investment listing **11am AEST - EAF** *

Today's Stock Watch

Transurban Group (TCL)

The Australian Competition & Consumer Commission (ACCC) has published 'preliminary competition concerns' regarding the TCL-led Sydney Transport Partners consortium planned acquisition of the WestConnex project.

Following a 31 May submissions deadline, the ACCC plans to release a final decision 19 July.

Australia & New Zealand Banking Group (ANZ) / National Australia Bank (NAB)

Credit Suisse has re-rated ANZ as outperform, from neutral, and NAB as neutral, from outperform.

DuluxGroup Ltd (DLX)

Chairman Peter Kirby is retiring, effective 30 June. Non-executive DLX director Graeme Liebelt, and Amcor (ASX: AMC) chair will succeed Mr Kirby.

9% higher, \$A79.2M interim NPAT. 4.2% higher, \$918.1M revenue. 14c interim dividend, up 1c. 52.2c NTA. 20.4c EPS.

Anticipating 2018 NPAT growth.

Adelaide Brighton (ABC)

CEO Martin Brydon is planning to retire after ~30 years with ABC, but will remain with the company during succession planning. This morning's AGM materials lodged pre-trade. Zlatko Todorcevski has succeeded Leslie Hosking as chair.

Hills Ltd (HIL)

HIL will distribute Zhejiang Dahua Technology security products throughout Australia and New Zealand.

Westpac Banking Corporation (WBC)

Trading ex-dividend (94c) today.

Resources

Kidman Resources (KDR)

Binding three-year offtake agreement secured with Tesla, for lithium hydroxide KDR will produce in Western Australia in a 50:50 JV with Sociedad Quimica y Minera de Chile.

KDR says it is talking with other potential customers.

Atlas Iron (AGO)

Anticipating a \$75M - \$100M FY 2018 impairment. Details lodged this morning.



VONEX LIMITED (ASX:VN8)

State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.

Please find below a link to the IPO information pack:
<https://www.stateone.com.au/Vonex-IPO.html>

Application can be made online or by completing the Application Form which can be found at the back of the Prospectus. CLOSING DATE FOR APPLICATIONS: 4 JUNE 2018.

parties proposing to form a coalition government.

Tonight in the US, weekly new unemployment claims, a leading indicators report and a key regional manufacturing index are due.

Companies scheduled to report earnings later today or tonight include Investec, JC Penney, Manchester United, Nordstrom, Thomas Cook and Walmart.

HSBC and Tesco trade ex-dividend on the FTSE 100.

In overnight corporate news, **Templeton** funds were reported to have supported a bond sale in **Argentina** this week to the tune of \$US2.25B.

France's **Total** revealed it needed protection from US threats regarding sanctions against Iran in order to continue past early-November with plans to develop Iran's South Pars gas field.

US retailer **Macy's** was propelled 10% higher on market-beating quarterly profit and sales figures and improved full year guidance. This supported department store sentiment in general, ahead of further high-profile US retail earnings reports tonight.

Teva Pharmaceutical was pushed ~3% higher on revelations late-Tuesday of Berkshire Hathaway's March quarter purchase of an ~20M additional shares.

Cisco Systems reported post-US trade, but while exceeding profit forecasts, prices were seen falling. This is expected to influence some of tonight's tech sentiment.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1290	oz	-0.1	-0.0
Silver (NY) (May)	16.35	oz	0.1	0.6
Gold (LON)	1320	oz		
Platinum	890	oz	-5	-0.6
WTI Crude (May)	71.5	bbl	0.2	0.3
Brent Crude (Jul)	79.3	bbl	0.9	1.1
Iron Ore (CHN port 62%)	68.0	t	0.7	1.1
Copper (LME,3m,pm)	6826	t	18	0.2
Nickel	14475	t	50	0.4
Aluminium	2316	t	-11	-0.5
Lead	2341	t	-7	-0.3
Zinc	3075	t	13	0.4
Tin	20725	t	-150	-0.7
CBT Wheat (Jul)	4.94	bshl	0.01	0.2

Commodities Commentary

Oil – overnight, select **OPEC** members reiterated the influence of geopolitics on higher prices, repeating their view that supply was more than adequately meeting demand but that prices could yet surpass \$US80/bbl.

For its part the **International Energy Agency** (IEA) pointed out international inventories had declined due to factors including the OPEC agreement and Venezuela's economic woes.

The IEA offered that demand could fall should \$US80/bbl become the norm, and reduced its 2018 daily international demand growth forecast from 1.5MMbbl to 1.4MMbbl.

The weekly **US** petroleum inventories report by government agency the EIA cited higher exports (a weekly record) and refinery ramp-ups as the main factors producing a 1.4MMbbl net draw on crude stocks last week.

Exports were calculated at a daily 2.6MMbbl (WTI

Vonex, founded in 2009, is a Perth-based telecom company specialising in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.

A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.

Vonex has also developed an innovative telecommunications/social media application – Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.

For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: vonex@stateone.com.au

Pre-Open Announcements

Evans & Partners Asia Fund (* EAF)

The former Asian Masters Fund is relisting as EAF **11am** AEST following a restructuring from a LIC to a direct equities investment trust.

130.34M listed units.

Argo Investments (* ARG)

Chairman Ian Martin AM plans to retire from the ARG board, effective 30 June.

Non-executive ARG director Russell Higgins AO will succeed Mr Martin.

ARG expects to appoint another director 'in the near future'.

RXP Services (RXP)

Anticipating \$145M - \$146M FY 2018 revenue, lower than initially expected. Additional update statistics lodged this morning.

Pushpay Holdings (PPH)

Full year results and presentation lodged this morning, highlighting ~100% higher, \$US70.2M revenue.

Villa World (VLW)

March quarter statistics lodged this morning.

Star Combo Pharma (* S66)

Dietary supplements manufacturer completed a successful ASX listing yesterday following a \$5.8M IPO at 47.5c per share.

Opened at 59c and traded as high as 79c where it settled for day one. 3.8M shares changed hands across 666 transactions.

~75.5M shares.

Z Energy (* ZEL)

Trading ex-dividend (20.46c) today, after settling 26c (3.8%) higher for the session, at \$7.11 yesterday, on a UBS buy recommendation.

Resources

BlueScope Steel (** BSL)

\$US300M bond issue, to refinance unsecured US notes and to lower financing costs. Details lodged this morning

Mincor Resources (MCR)

High-grade nickel assays delivered by diamond drilling within the Cassini prospect, WA goldfields.

had 'cheaped' further against Brent), while imports were estimated to have fallen by 411,000bbl/d.

Daily US production in the meantime rose by 20,000bbl to 10.72MMbbl/d, the EIA reported.

US petrol stocks were reported 3.79bbl lower for the week.

Gold – prices continued lower in early trade in line with continued \$US index strength, to a 2018 peak. The \$US declined a little intra-session, however, supporting precious metals trade.

Base metals – a yet stronger \$US and mixed data out of Asia yesterday were viewed as the major influences on last night's trade.

China's April property prices rose 4.7% year-on-year, following 4.9% in March, but more cities reported rises and monthly price growth appeared to satisfy.

In **Japan**, March quarter GDP declined 0.2% for the quarter, pulling back 0.6% on an annual basis.

LME *copper* stocks were reported to have fallen by 525t to 290,825t.

Marubeni calculated a 9% April rise in *aluminium* stored at three key ports in Japan, to 267,100t.

In the meantime, a Guinea bauxite project had reportedly resumed regular mining operations this week following industrial action over the past two weeks.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7519	0.0004	0.05
EUR – USD	1.1812	0.0005	0.04

Australian Data Today

ABS	Employment (incl jobs, wages)	Apr
MInst	Inflation expectations	Apr
RBA	Forex transactions; assets	Apr

US Data Tonight

Initial jobless claims	12 May
Philadelphia Fed manufacturing	May
Conference Board leading index	Apr

Other Overseas Data Today & Tonight

China	FDI	Apr
Japan	Machinery orders	Mar
Euro zone	Construction output	Mar

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.

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Reports & Events

(selected)

When	Company	Report/Event
Today	ABC	AGM
	DLX	Interim
	OML	AGM
	SDA	AGM
	SYR	AGM
Tomorrow	APX	AGM
	IVC	AGM
	SYD	Apr
Tue	JHX	Q4
	OFX	Full year
	TNE	Interim
Wed	AIA	Apr
	AAC	Full year
	BKL	Meet-mangmnt
	BLY	AGM
	RKN	AGM

Trading Halts

Company	Code	Resuming
Flinders Mines	FMS	17 May
Antipa Minerals	AZY	18 May
Environmental Clean Technologies	ESI	18 May
Mithril Resources	MTH	18 May
SenSen Networks	SNS	18 May

Suspensions (select)

Company	Code	Since
Antilles Oil & Gas	AVD	10 May
Bard1 Life Sciences	BD1	14 May
BPH Energy	BPH	10 May
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 May
Mobecom Ltd	MBM	14 May
Queensland Bauxite	QBL	4 May
TikForce Ltd	TKF	14 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
DDR	Today	4.4	100	5.87
LTN	Today	0.2	0	0.00
WBC	Today	94	100	6.22
ZEL	Today	20.46	0	4.20
JHG	Tomorrow	36	0	3.88
AYK	Mon	26	100	5.80
AYZ	Mon	33	100	3.62
ELD	Mon	9	100	1.89
AST	Tue	4.62	0	5.49
IPL	Tue	4.5	0	2.65
WHF	Wed	9	100	3.81
PDL	Thu (24 May)	22	15	4.75



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TLT	Thu (24 May)	1.8	0	1.74
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